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Fargo OILS LTD.

FIFTEENTH ANNUAL REPORT

1965

15TH ANNUAL REPORT 1965

HIGHLIGHTS

FINANCIAL	1965	1964	
Gross Income	$2,877,469	2,531,892	222
Net Income	$ 700,236	574,936	
Cash Flow	$1,707,510	1,699,451	
Working Capital	$ 526,691	1,502,008	
Capital Expenditures	$3,689,171	2,061,776	
Shares Outstanding	8,497,353	8,490,250	

OPERATING			
Oil and Gas Liquid Sales — Net Barrels	1,248,730	1,169,165	
Daily Average	3,421	3,194	8.7
Gas Sales — Net Millions of Cubic Feet	2,789	1,759	
Daily Average	7.6	4.8	589
Wells Drilled — Net	32	36	
Wells Owned — Net	250	220	

INDEX

The Annual Meeting of the Shareholders will be held at 11:00 a.m. on Tuesday, April 12, 1966 at 140 6th Avenue S.W., Calgary, Alberta.

Directors

Bert V. Richardson, Q.C. .... Victoria, B.C.
Counsel, Richardson, Taylor, Huband, Wright & Kehler

Algur H. Meadows .... Dallas, Texas
Chairman of the Board, General American Oil Company of Texas

W. Lewis Perryman, Jr. .... Dallas, Texas
President, General American Oil Company of Texas

Robert M. Swesnik .... Dallas, Texas
Vice-President, General American Oil Company of Texas

H. Lyle Jestley .... Vancouver, B.C.
Senior Partner, Jestley, Eckardt & Kirstiuk

Paul W. Matthews .... Toronto, Ontario
Chairman of the Board, Matthews & Company, Limited

Lionel H. Nicholson .... Greenwich, Connecticut
Associate, Montgomery, Scott & Co.

Officers

Bert V. Richardson, Q.C. .... *Chairman of the Board*

Robert M. Swesnik .... *President*

Russel E. Dertell .... *Vice-President and General Manager*

David W. Talbot .... *Vice-President and Secretary-Treasurer*

Fred H. Connally .... *Assistant Secretary-Treasurer*

W. Lewis Perryman, Jr. .... *Assistant Secretary-Treasurer*

D. G. McKechnie .... *Assistant Secretary-Treasurer*

EXECUTIVE OFFICES	Meadows Building, Dallas, Texas
GENERAL OFFICES	140 6th Avenue S.W., Calgary, Alberta
REGISTRAR AND TRANSFER AGENT	Guaranty Trust Company of Canada, Calgary, Alberta
CO-TRANSFER AGENTS	Guaranty Trust Company of Canada, Toronto, Vancouver The Royal Bank of Canada Trust Co., New York, N.Y.
SHARES LISTED	American Stock Exchange, New York Pacific Coast Stock Exchange, San Francisco Toronto Stock Exchange, Toronto Vancouver Stock Exchange, Vancouver
AUDITORS	Peat, Marwick, Mitchell & Co., Calgary

The President's Letter

Fargo OILS LTD.

Fargo Oils Ltd.
Executive Offices
MEADOWS BUILDING
DALLAS 6, TEXAS

TO THE SHAREHOLDERS:

For the fourth consecutive year, Fargo has recorded a significant increase in net earnings. A new high in gross income enabled the Company to increase its net profit by 22% from $574,936 to $700,236 for the year ended December 31, 1965. Oil and gas liquid volume sales increased 8.3% and gas volume sales 58.6%. Active participation in newly developing areas contributed to the increased sales and added substantially to oil and gas reserves. During 1965, Fargo participated in the drilling of 60 wells (32 net), resulting in 48 (28.25 net) successful oil and gas wells.

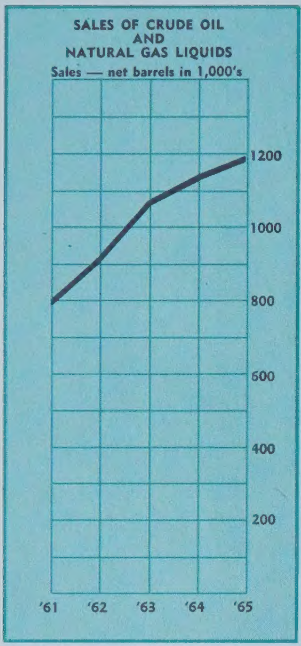
Capital expenditures of $3,678,358 for exploratory and development drilling and land acquisitions considerably exceeded those of any previous year. A large portion of these expenditures was attributable to the purchase of the Canadian holdings of Dea Oil of Canada Ltd. This acquisition included producing properties at Medicine River and Pembina, and undeveloped properties, some in the highly prospective Keg River area of northern Alberta.

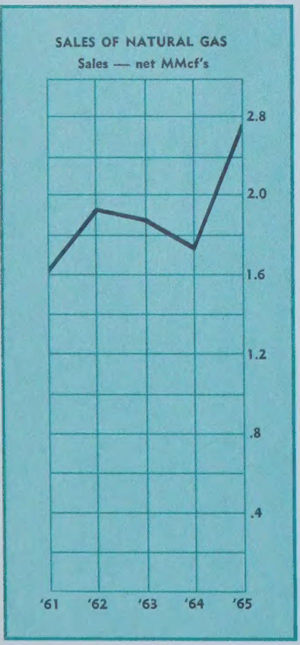
Net revenues from the Medicine River area are expected to increase materially under unitization which should become effective during the second quarter of 1966. Prolonged negotiations have delayed the unitization of producing properties acquired from Dea in this area.

The 58.6% increase in gas sales in 1965 was due primarily to the East Crossfield Plant going on stream and emphasizes the importance of the large shut-in gas reserves owned by the Company. Included in these, are large gas reserves in central Alberta which have a high sulphur content. The rapid expansion of sulphur markets and rising sulphur prices make this a more valuable commodity. The Company plans to undertake extensive exploratory operations for the development of its sour gas reserves during 1966 and anticipates that sulphur production will become an increasingly important source of revenue.

The results of the last four years reflect steady progress. The preliminary forecast for 1966 indicates that Fargo will continue to show improvement in both gross and net income. In order to ensure a vigorous and continuous growth, the Directors have instituted challenging objectives for 1966 and subsequent years. We are confident that the continued efficient and dedicated performance of our employees will ensure the attainment of these goals.

R. M. SWESNIK,
President.





Operations

Drilling. During 1965, Fargo participated in the drilling of 60 wells (32 net to Fargo) of which 48 (28.25 net) were successfully completed for oil or gas production. This compares favorably with the 29.07 net wells completed in 1964. In addition, 12 exploratory slim holes were drilled in the Lloydminster area to evaluate certain undeveloped properties owned by the Company. Seven of these tests encountered hydrocarbon-bearing sands favorably located for future development. The active 1965 drilling program has enabled the Company to maintain the favorable growth rate recorded in recent years.

Production. Once again the Company recorded significant increases in oil and gas production. Oil and gas liquid sales increased 8.3% from an average of 3,151 barrels per day in 1964 to 3,421 barrels per day in 1965. Wells added in the latter part of 1965 have further increased current production indicating that a production level of 4,000 barrels per day will be achieved during 1966.

Gas sales are up 58.6%, from 1,758,945 Mcfs in 1964 to 2,789,337 Mcfs in 1965. The major portion of this increase was attributable to the commencement early in 1965 of production from the East Crossfield Unit. The high liquid content of this gas has increased the average selling price of all gas and products from 14.7¢ per Mcf in 1964 to 20.7¢ in 1965. This represents an increase of 119% in the value of gas sales and associated products for 1965.

Land. During the year, Fargo participated in the acquisition of a number of exploratory as well as semi-proven properties in several newly developing areas. Extensive acquisitions were made in the Pembina and Medicine River areas of central Alberta, while a number of selective leases were acquired in southeastern Saskatchewan. The most significant acquisition was the purchase for cash of the Canadian holdings of Dea Oil of Canada Ltd. This purchase included substantial oil and gas reserves in central Alberta and an interest in 620,931 acres of highly prospective, undeveloped lands in Alberta and the Northwest Territories.

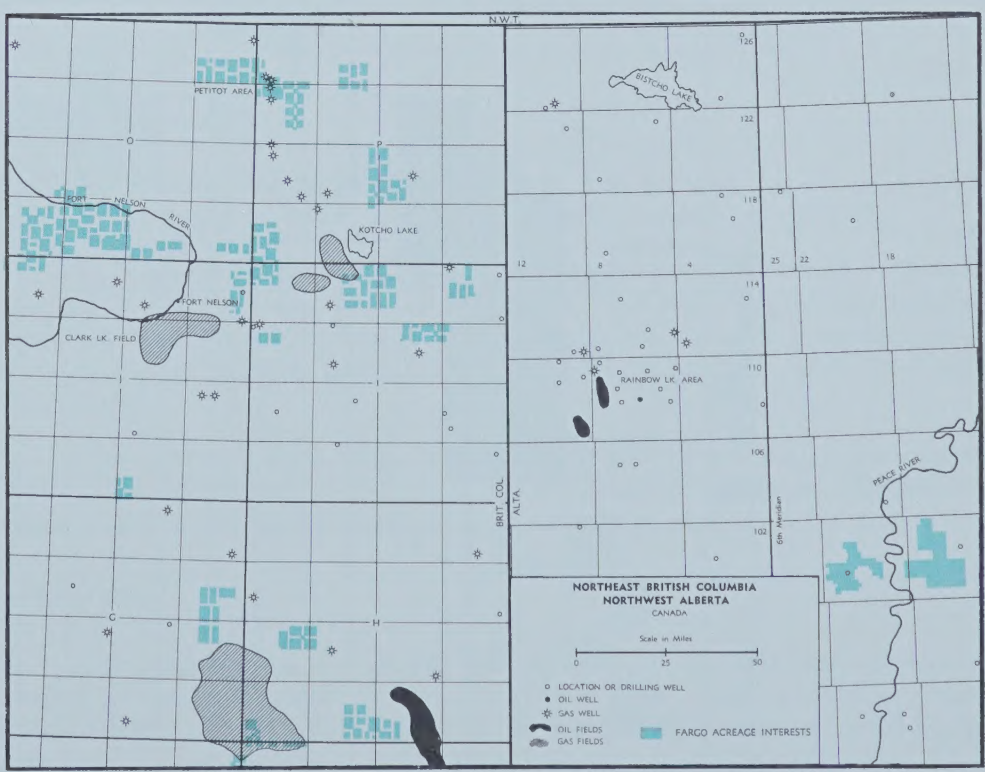
Because of the dry hole at Lundbreck and the lack of interest in further exploratory operations at Innisfail, certain portions of these lease blocks were surrendered in 1965. The net result of the above transactions was an increase of approximately 500,000 gross acres for 1965, while Fargo's net acreage position remains virtually unchanged.

BRITISH COLUMBIA

Two gas discoveries and four dry holes were drilled on Fargo properties in northeast British Columbia during 1965. The most significant of these discoveries was a triple zone gas strike drilled under farmout from the Blueberry participants in the Inga Lake area. A follow-up well has been scheduled to assist in determining the extent of these reservoirs.

Of the three carried interest wells drilled in the Nig Creek area, one was successfully completed for gas production. In the adjacent Aitken Creek area, an exploratory test failed to find commercial production.

Fargo holds interests in 1,141,000 acres in northeast British Columbia, of which 608,426 acres (219,177 net) are located in the general Fort Nelson area. All Fargo acreage in this area is of a carried interest nature and no drilling was undertaken on these properties during 1965. Major new discoveries in northeast British Columbia and northwest Alberta, together with the completion of the gas line to serve the Clarke Lake Field in the Fort Nelson area, have generated renewed interest by the industry. Fifteen rigs are currently operating in the area and it is expected that some tests will be drilled on Fargo's properties during the current drilling season.



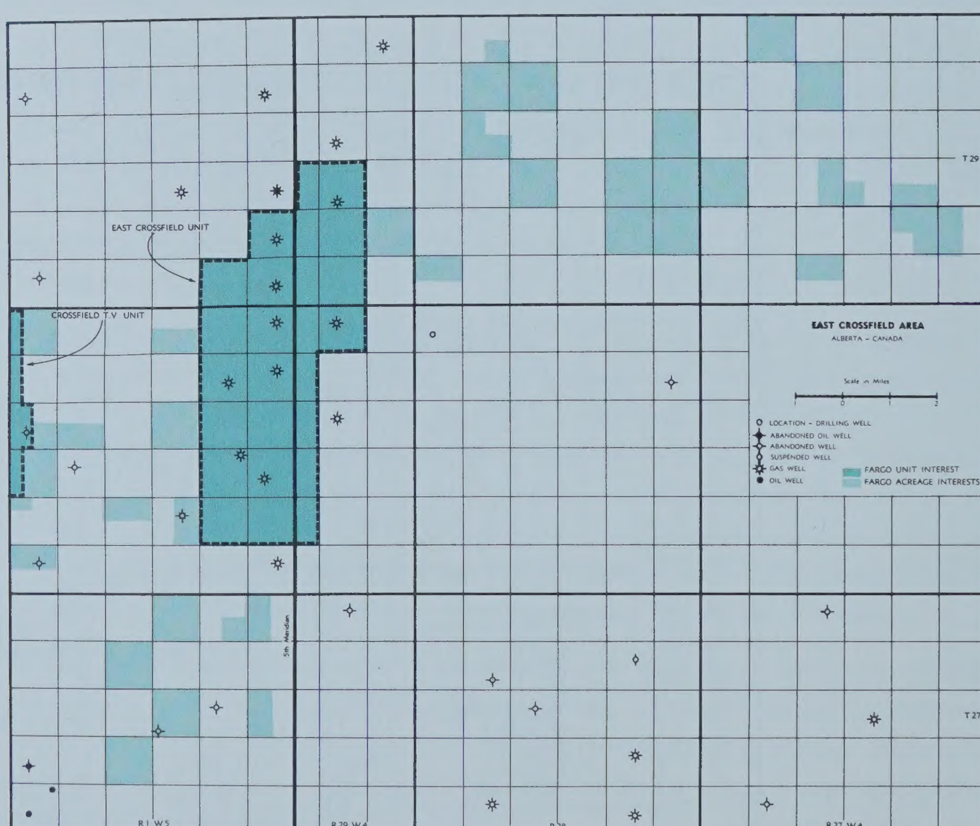
ALBERTA DRILLING — 1965 Gross Wells	Oil	Gas	Dry
Pembina	5	1	1
Medicine River	5		
Lundbreck			1
Red Coulee			1
Bearhills			1
Pigeon Lake			1
Utikuma			1
	10	1	6

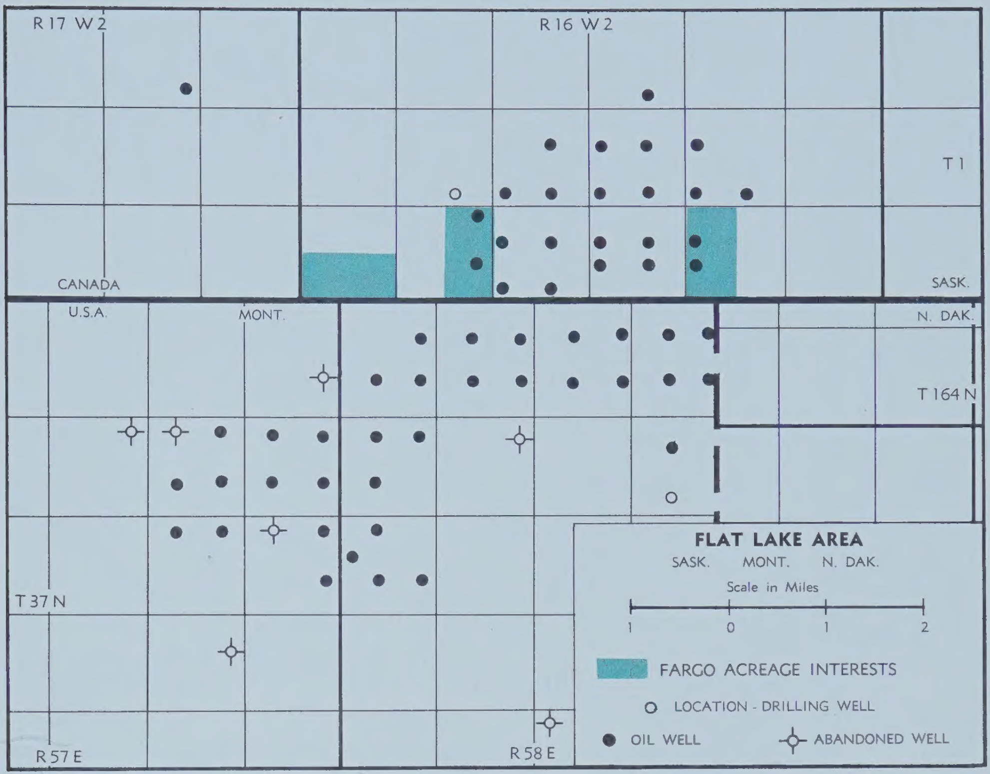
ALBERTA

Major discoveries of oil and gas reserves from the Middle Devonian at Rainbow Lake in northern Alberta during 1965, have sparked a widespread exploration play. Thirty-two rigs are currently drilling within a 100-mile radius of the discovery well. By virtue of the Dea acquisition, Fargo holds a 10 per cent interest in 186,000 acres located approximately 70 miles southeast of Rainbow. Fargo's holdings are favorably located geologically for production from the Middle Devonian and a basement test is planned for immediate drilling on these properties.

Seventeen wells were drilled on Fargo properties in Alberta during the year. Ten were successfully completed as oil wells, while one well resulted in a gas discovery. The deep exploratory test drilled under farmout at no cost to Fargo in the Lundbreck area, encountered the Mississippian structurally low and was abandoned at a total depth of 14,905 feet.

Production of Mississippian gas reserves from the East Crossfield Unit commenced in 1965, although the underlying Devonian sour gas reserves remain capped. With the improved sulphur markets, large capital expenditures are anticipated during 1966 for the development of additional sour gas reserves and the construction of sulphur recovery facilities.





SASKATCHEWAN

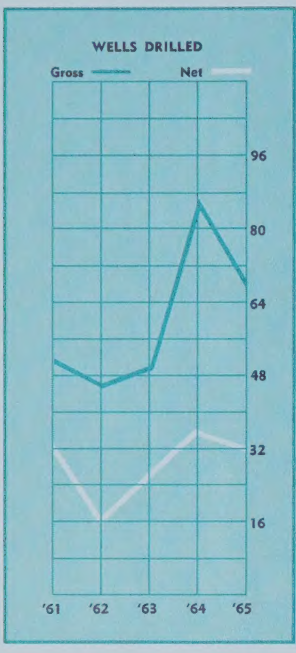
Development drilling in the Lloydminster area accounted for 30 gross wells (20.9 net to Fargo) of which 28 were successfully completed as oil wells.

In southeast Saskatchewan, three successful tests were drilled on properties acquired in the Flat Lake area and a fourth well is currently drilling. Prolific production from the Upper Ratcliffe beds of the Mississippian and excellent prospects for deeper horizons, make this a most attractive area for exploration and development.

Two wells in which Fargo holds an undivided 50 per cent interest were drilled in the Midale area, one of which was completed as a producer. One wholly owned well was successfully completed in the Steelman area.

MANITOBA

Two wells were drilled in the Waterloo area of Manitoba, each of which resulted in marginal production from the Tilston beds. Fargo retained a minor royalty interest in the initial test and a 4.2 per cent working interest in the follow-up well.



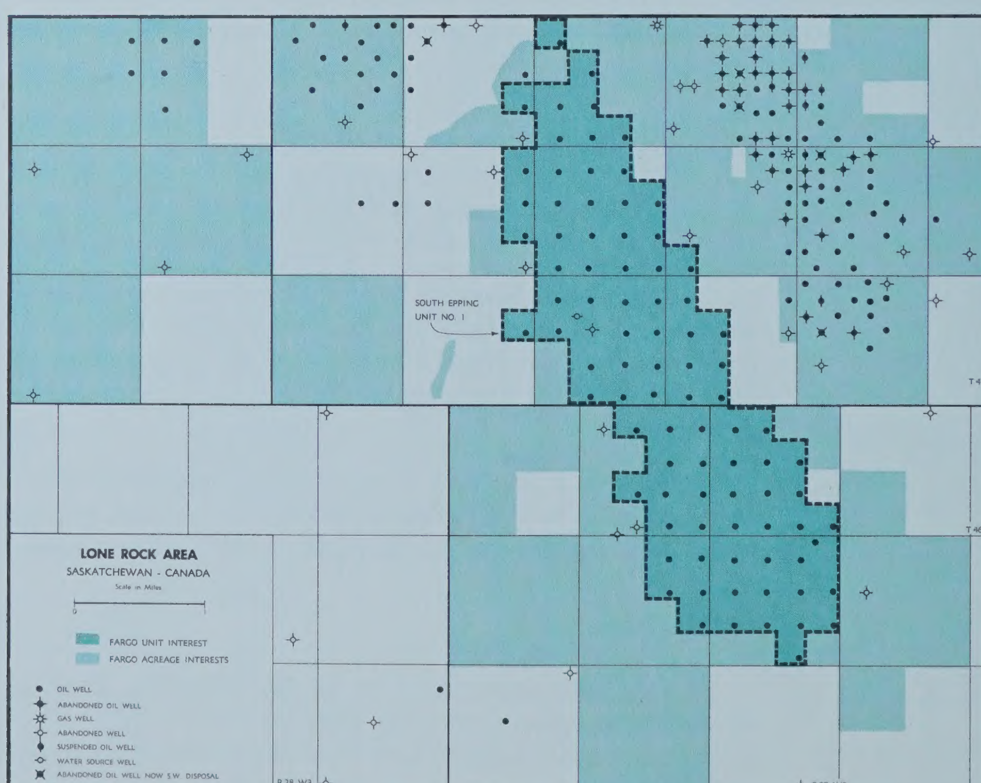
UNITIZATION

The unitization of oil and gas fields in western Canada is becoming increasingly important to the industry and particularly to Fargo. Conservation Board regulations encourage early pressure maintenance. During 1965, much time and effort was spent by Fargo in unitizing several oil pools in the Medicine River area of central Alberta and the South Epping pool in Saskatchewan.

Basic agreement has now been reached on participating equities for the various pools in the Medicine River area. Pressure maintenance in these pools will materially improve Fargo's net revenue and substantially increase ultimate recoveries.

The South Epping Unit became effective February 1, 1966. Fargo owns 50.5% interest in this unit and is the unit operator. This unit contains 89 wells and is expected to produce 2,500 barrels per day under waterflood.

It is estimated that unit production in 1966 will account for 50% of the Company's net oil production compared to 18% in 1965.



OPERATIONS STATISTICS Year ended December 31, 1965

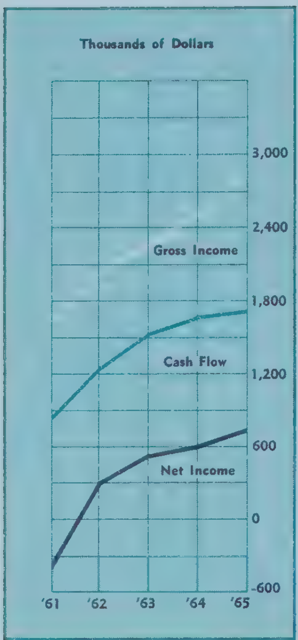
	Gross Oil	Gross Gas	Net Oil	Net Gas	Oil & Gas Liquids Net Bbls.	Gas Net MMcf	Producing Gross	Producing Net
FARGO OPERATED								
Alberta	8		7.00		21,703		1,020	860
Saskatchewan	181	9	165.59	9.00	509,650	67.2	7,639	6,772
Manitoba	9		7.50		22,100		380	320
	198	9	180.09	9.00	553,453	67.2	9,039	7,952
OUTSIDE OPERATED								
British Columbia	18	39	3.90	9.46	157,403	500.8	21,332	5,230
Alberta	58	27	18.94	2.70	156,418		10,240	2,076
Saskatchewan	47		21.99		82,846	.7	1,960	934
Manitoba	19		4.32		34,311		760	173
	142	66	49.15	12.16	430,978	501.5	34,292	8,413
					984,431	568.7	43,331	16,365
OUTSIDE OPERATED — UNITS*								
Alberta	13	9	3.25	3.76	70,993	2,076.7	16,242	7,779
Saskatchewan	17		15.67		108,205	39.8	2,460	1,298
Manitoba	14		9.70		49,692		560	480
	44	9	28.62	3.76	228,890	2,116.5	19,262	9,557
					1,213,321	2,685.2		
ROYALTIES					35,409	104.1		
	384	84	257.86	24.92	[illegible]	[illegible]	62,593	25,922

	Oil Gross	Oil Net	Gas Gross	Gas Net	Dry Gross	Dry Net	Total Gross	Total Net	Non Producing Gross	Non Producing Net
British Columbia			2	.36	4	.90	6	1.26	1,119,721	321,589
Alberta	10	3.87	1	.25	6	1.90	17	6.02	466,937	172,141
Saskatchewan	34	23.74			2	.70	36	24.44	79,745	37,872
Manitoba	1	.03					1	.03	10,548	1,482
Northwest Territories									398,005	80,160
	45	27.64	3	.61	12	3.50	60	31.75	2,074,956	613,244
Total Acreage										

*Figures in Wells Owned and Acreage columns represent wells and acreage contributed by Fargo to the units at the time they were formed.

SHARE DISTRIBUTION Year ended December 31, 1965

Holdings (Shares)	Number of Shareholders U.S.	Canada	Other	Total	%	Number of Shares Held U.S.	Canada	Other	Total	%
1 to 100	10,057	476	21	10,554		558,059	24,146	1,052	583,257	
101 to 500	3,384	185	8	3,577		886,892	51,032	1,900	939,824	
501 to 1,000	627	47	2	676		556,732	39,462	2,000	598,194	
1,001 to 5,000	296	37		333		617,029	85,341		702,370	
5,000 to 10,000	35	2		37		255,199	16,006		271,205	
Over 10,000	21	4		25		489,470	72,336		561,806	
	14,420	751	31	15,202		3,363,381	288,323	4,952	3,656,656	
General American	1			1		2,288,626			2,288,626	
Total Non-Broker	14,421	751	31	15,203		5,652,007	288,323	4,952	5,945,282	
Brokers	413	141	2	556		1,734,997	816,709	365	2,552,071	
Grand Total	14,834	892	33	15,759		7,387,004	1,105,032	5,317	8,497,353	
%										



Financial

The significant improvement in the second half of 1965, as forecast in the Interim Report, enabled the Company to exceed the previous record high income and net profit of 1964.

Gross Income. The increase of $345,577 to $2,877,469 is the net result of an increase in oil and gas revenue of $576,063 and a decrease in royalty income of $230,486 due to the termination of the Pembina royalty. The main contributions to the increase in oil and gas revenue were the East Crossfield Unit going on stream, the development of properties at Pembina and Medicine River, and the acquisition of Dea's interest in producing properties.

Cash Flow. The 1965 total of $1,707,510 is $8,059 higher than the previous year. This increase was achieved notwithstanding a $230,486 decrease in royalty income caused by the termination of the Pembina royalty in 1964.

Interest - net. The interest from the financing of the Dea acquisition accounted for approximately $70,000 of the $93,237 increase for 1965.

Depletion and Depreciation. The decrease of $149,988 is a combination of a reduction of $185,000 due to the 1964 termination of the Pembina royalty, and an increase of $35,012 for other properties. Although new wells and increased sales resulted in charge-offs greater than $35,012, they were partially offset by improved reserve estimates on previously developed properties as determined by the annual review of independent consultants.

Capital Expenditures - Exploration and Development. The 1965 expenditures of $1,385,255 were incurred in the development of properties at Pembina ($99,000), Medicine River ($274,000), Flat Lake ($161,000), Lloydminster ($392,000) and other locations ($76,000). In addition, $383,000 was spent on unitized areas, of which $211,000 applied to field gathering and secondary recovery systems in the Lloydminster area.

Unpaid Production Payments. The above exploration and development, the Dea acquisition, and the acquisition of other properties resulted in an increase in oil payments outstanding to $4,317,904 at December 31, 1965. This is an increase of $1,465,959 over 1964.

Working Capital. Considerable cash was used during 1965 for capital expenditures, which reduced working capital to $526,691 at December 31, 1965. However, the ratio of current assets to current liabilities of 2.1 to 1 is sufficient to meet current requirements.

SOURCE AND APPLICATION OF FUNDS

For the Years Ended December 31, 1965 and 1964

	1965	1964
UNEXPENDED BALANCE AT JANUARY 1	$1,636,808	1,390,383
FUNDS RECEIVED FROM		
Net profit	$ 700,236	574,936
Non-cash items eliminated:		
Depletion and depreciation	634,139	784,127
Other items	37,604	46,113
Net cash from operations	1,371,979	1,405,176
Proceeds on disposal of fixed assets	3,613	23,575
Sale of shares (Employees' stock option)	7,103	7,662
Production loans received	2,496,000	2,096,000
	$3,878,695	3,532,413
	$5,515,503	4,922,796
FUNDS EXPENDED FOR		
Acquisition of permits, leases and royalties	$2,293,103	432,260
Development of properties including equipment thereon	1,385,255	1,591,362
Other equipment	10,813	38,154
Payment of principal on production loans	1,030,041	1,089,412
Payment of installment on notes payable	134,800	134,800
	$4,854,012	3,285,988
UNEXPENDED BALANCE AT DECEMBER 31	$ 661,491	1,636,808
Represented by:		
Current assets	$ 987,438	1,897,248
Current liabilities, exclusive of notes payable	325,947	260,440
	$ 661,491	1,636,808

SYNOPSIS OF ACCOUNTING PRACTICE

Costs of unproductive wells are charged against income as incurred.

Lease rentals are charged against income as incurred.

Costs of geological and geophysical work are charged against income as incurred, except on Reservations and Permits, where such costs are capitalized.

Acquisition costs of all lands and leases are initially capitalized.

Acquisition costs of productive lands and leases together with costs of productive wells thereon are capitalized and amortized annually on a unit of production basis. This amortization is determined by applying to such costs the percentage that oil produced during the year bears to the estimated reserves.

Costs of undeveloped properties are carried in the accounts until such time as the properties become productive or are abandoned. The costs of abandoned properties are written off at the time of abandonment.

The costs of plant and equipment (other than lease and well equipment) are depreciated on a straight line basis.

Fargo Oils Ltd.

BALANCE

ASSETS

	1965	1964
CURRENT ASSETS		
Cash	$ 505,545	1,210,263
Accounts receivable	351,943	574,248
Inventories of crude oil, at approximate market value	34,430	14,456
Oil well supplies at average cost	90,452	96,585
Prepaid expenses	5,068	1,696
Total current assets	987,438	1,897,248
INVESTMENT IN OTHER COMPANIES — at cost (No quoted market value)		
Notes and debentures	426,055	426,055
Shares	4,267	4,267
	430,322	430,322
ADVANCES AND DEPOSITS	40,355	40,355
OIL AND GAS PROPERTIES, PLANT AND EQUIPMENT (Notes 1 and 4)		
Developed oil and gas properties	13,597,580	9,642,514
Less allowance for depletion and depreciation	4,249,956	3,702,929
	9,347,624	5,939,585
Less unpaid production payments	4,317,904	2,851,945
	5,029,720	3,087,640
Undeveloped leases and royalties	5,054,389	5,352,380
Other equipment including dehydrating plant	885,201	886,146
Less allowance for depreciation	674,105	596,938
	211,096	289,208
Total oil and gas properties, plant and equipment (net)	10,295,205	8,729,228
ORGANIZATION AND FINANCING EXPENSES, less amounts written off	—	6,401
	$11,753,320	11,103,554

See accompanying notes to the financial statements.

SHEET DECEMBER 31, 1965

(with comparative figures at December 31, 1964)

LIABILITIES

	1965	1964
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 325,947	260,440
Notes payable within one year	134,800	134,800
Total current liabilities	460,747	395,240
5% NOTES PAYABLE (Note 2)	673,998	808,798
Less amount due within one year	134,800	134,800
	539,198	673,998
SHAREHOLDERS' EQUITY (Notes 3, 4 and 5)		
Share capital:		
Common shares of $1 par value per share.		
Authorized 9,000,000 shares; outstanding 8,497,353 shares, 1965; 8,490,250 shares, 1964	8,497,353	8,490,250
Paid-in surplus per attached statement	460,697	448,977
	8,958,050	8,939,227
Earned surplus per attached statement	1,795,325	1,095,089
	10,753,375	10,034,316
	$11,753,320	11,103,554

Approved on behalf of the Board:

M. Meadow, Director

Director

(This is the balance sheet referred to in the report of Peat, Marwick, Mitchell & Co., Chartered Accountants, dated February 11, 1966.)

STATEMENT OF PROFIT AND LOSS

Year ended December 31, 1965

(with comparative figures for the year ended December 31, 1964)

	1965	1964
INCOME		
Oil and gas revenue less royalties	$ 2,796,197	2,220,134
Royalties	81,272	311,758
	2,877,469	2,531,892
OPERATING EXPENSES		
Operating expenses, exclusive of those set forth below	679,275	515,031
General and administrative expenses (including directors' fees $4,200)	269,380	228,623
Depletion and depreciation	634,139	784,127
	1,582,794	1,527,781
	1,294,675	1,004,111
OTHER CHARGES (net)		
Non-producing lease rentals	121,272	139,040
Dry holes and abandonments	234,638	181,743
Leases surrendered	17,225	19,605
	373,135	340,388
Miscellaneous (income) expense	26,044	(6,478)
Gain on disposal of fixed assets	(414)	(7,172)
Interest — net	195,674	102,437
	594,439	429,175
NET PROFIT (Note 6)	$ 700,236	574,936

See accompanying notes to the financial statements.

ANALYSIS OF SHAREHOLDERS' EQUITY

Year ended December 31, 1965

	Common Shares		*Statement of*	
	Number	*Par Value*	*Paid-in Surplus*	*Earned Surplus*
Balance December 31, 1964	8,490,250	$8,490,250	448,977	1,095,089
Add:				
Stock issued to employees under stock option plan (Note 3)	7,103	7,103	11,720	
Net profit for the year				700,236
Balance December 31, 1965	8,497,353	$8,497,353	460,697	1,795,325

See accompanying notes to the financial statements.

Notes to the Financial Statements December 31, 1965

1. The cost of developed properties includes the unpaid balances of amounts payable solely out of production. Since the obligations are considered as liens against the properties and since there is no direct liability to the Company these amounts are shown as deductions from the property accounts on the balance sheet. It is the Company's consistent policy to expense all lease rentals.

2. The 5% notes payable are unsecured and are repayable by equal instalments of the principal amount on the first day of July in each of the years 1966 to 1970.

3. During the year the Company issued 7,103 shares under an employees' stock option plan for a cash consideration of $1 per share. The excess of the market value at December 31, 1964 over the price paid was charged to employee benefits. The Company set aside 75,000 shares (of which 25,000 were set aside in 1965) for the plan and at December 31, 1965 a total of 42,438 shares had been issued and options had been granted on 3,205 additional shares at $1 each.

4. Oil and gas properties, plant and equipment are shown in the accompanying balance sheet at cost except as follows. Certain petroleum and natural gas properties and undeveloped acreage were revalued as of January 1, 1962 by a net amount of $8,311,841. This restatement of values, which was based on engineering estimates, resulted in a charge to deficit.

5. As of December 31, 1962 the Company appropriated an amount of $10,751,281 from paid-in surplus to be applied against the reported deficit at that date. This transaction was approved by the shareholders.

6. No provision has been made for taxes on income since the Company has expended more than sufficient amounts on drilling and exploration costs which may, for income tax purposes, be applied against the reported earnings so that there are no income taxes payable.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Fargo Oils Ltd. as of December 31, 1965 and the statements of profit and loss, paid-in surplus and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of profit and loss, paid-in surplus and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of Fargo Oils Ltd. at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta.
February 11, 1966.

Peat, Marwick, Mitchell & Co.,
Chartered Accountants

Fargo Oils Ltd.

Ten Year Summary

	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956
FINANCIAL										
Gross Income	$2,877,469	2,531,892	2,299,671	2,084,305	1,672,442	1,860,708	2,120,442	2,021,264	1,544,828	1,207,944
Net Profit or (Loss)	$ 700,236	574,936	500,891	295,065	(415,274)	(80,694)	(321,751)	(300,550)	39,075	48,760
Depletion, Depreciation and Amortization	$ 634,139	784,127	757,938	700,869	961,704	1,027,705	1,298,869	1,144,830	409,826	289,053
Dry Holes, Abandonments and Lease Rentals	$ 373,135	340,388	277,716	230,884	326,371	297,094	157,764	182,409	322,555	115,592
Cash Flow	$1,707,510	1,699,451	1,536,545	1,226,818	872,801	1,244,105	1,134,882	1,026,689	771,456	453,405
Expenditures on Exploration and Development	$1,385,255	1,591,362	885,183	702,383	585,808	908,241	1,044,234	2,147,779	2,010,487	646,871
Working Capital	$ 526,691	1,502,008	1,255,583	338,047	216,693	395,303	420,870	526,257	1,652,805	977,011
OPERATING										
Oil and Gas Liquid Sales—Barrels	1,248,730	1,153,295	1,075,613	936,493	804,031	857,312	966,361	936,238	732,028	641,194
Gas Sales—Mcfs	2,789,337	1,758,945	1,886,196	1,937,442	1,638,000	1,613,770	2,137,713	—	—	—
Wells Drilled— Gross (Net)										
Oil	45 (28)	69 (29)	36 (21)	21 (9)	33 (22)	27 (19)	23 (14)	42 (23)	31	7
Gas	3 (1)	1	2	5 (2)	7 (3)	10 (3)	4 (1)	8 (3)	10	6
Dry	12 (3)	17 (7)	11 (5)	20 (5)	11 (7)	19 (10)	9 (4)	13 (6)	18	13
Total	60 (32)	87 (36)	49 (26)	46 (16)	51 (32)	56 (32)	36 (19)	63 (32)	59	26
Wells Owned— Gross (Net)										
Oil	340 (229)	304 (202)	258 (193)	318 (192)	294 (172)	480 (192)	499 (194)	340 (186)	203	170
Gas	75 (21)	71 (18)	76 (17)	80 (23)	76 (20)	77 (20)	66 (18)	59 (20)	45	35
Total	415 (250)	375 (220)	334 (210)	398 (215)	370 (192)	557 (212)	565 (212)	399 (206)	248	205
Acreage Owned:										
Gross Acres	2,137,549	1,637,656	1,613,747	1,694,070	2,248,575	2,692,693	2,844,934	2,828,309	2,880,503	2,865,008
Net Acres	639,166	646,771	542,869	628,983	798,853	904,303	900,013	949,364	797,666	778,681
OTHER										
Shares Outstanding	8,497,353	8,490,250	8,482,588	8,475,197	8,470,525	8,462,459	8,457,414	8,454,915	6,769,945	5,769,945
Number of Shareholders	15,759	14,901	15,906	17,435	17,333	17,846	17,620	17,696	11,011	9,102

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